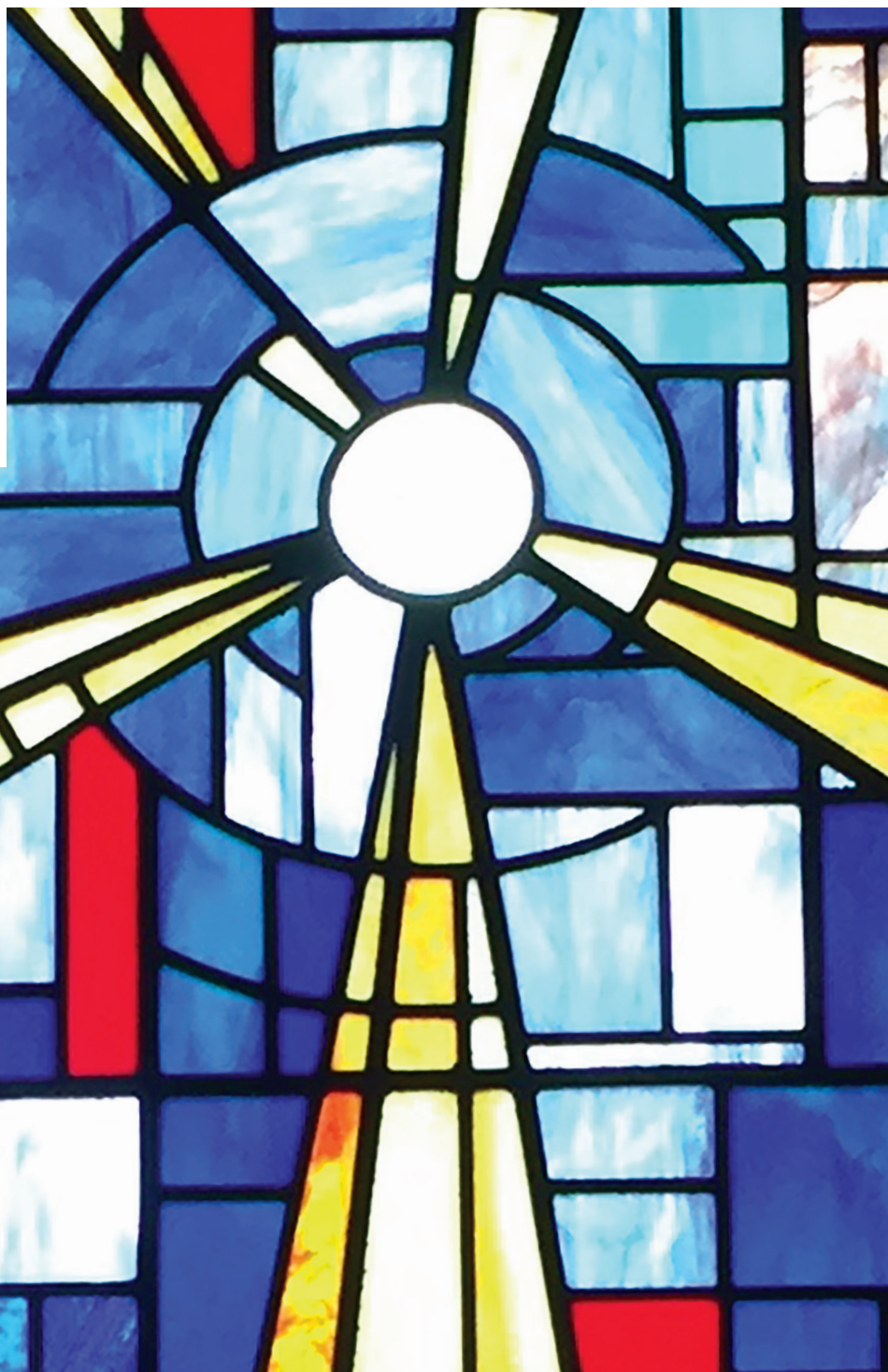




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# Guide to Minister Compensation

**A RESOURCE FROM CBF CHURCH BENEFITS**

# An Open Letter

## FROM PRESIDENT/CEO OF CBF CHURCH BENEFITS

Compensation and benefit planning for ministers and non-ordained employees can be simultaneously straightforward and confusing. This is especially true in regard to the tax status of ministers versus that of church employees, but more about taxes later in the pages that follow.

Some churches have been using what is referred to as a “lump-sum” or “package” approach to compensation and benefits planning. While it may be perceived as an easy approach it can be detrimental to the congregation and the minister. This approach normally leads to a distorted view of the actual income on which the minister and family depend for living expenses. Providing a lump-sum amount and allowing the minister to break it down is not wise or healthy church stewardship.

While many churches still employ a “lump-sum” approach, CBF strongly advises that compensation be developed according to the guidelines of this publication because the “lump-sum” approach does not normally provide:

- Adequate insurance coverage that may negatively impact the church financially,
- Appropriate retirement planning which hurts the larger church community,
- Ministry-related expenses that are the churches responsibility, and
- Consideration of the minister’s tax situation

The process outlined in the following pages provides a well-tested alternative to a “lump-sum” approach. It enables the church to develop a well thought out Compensation and Benefits Plan that meets the needs of the congregation and minister. It also assists in ongoing constructive conversations between the minister and congregational leadership.

The Compensation and Benefits planning process is a spiritual and a practical exercise of being good stewards. Spiritual in that “The Lord commanded that those who proclaim the Gospel should get their living by the Gospel.” (1Corinthians 9:14). And Paul instructed the early church, “Those who are taught the word must share in all good things with their teacher.” (Galatians 6:6).

And practical in that needs of the minister or church employee and resources of the congregation must be balanced, competitive, and appropriate. A well thought out compensation and benefits plan communicates a congregation’s care, concern, and appreciation for their minister.

As President/CEO of CBF Church Benefits, it is my prayer that the information and resources on the following pages helps the minister, church employee, and congregational leadership team cut through the apprehensive fog and at times uncertain tax landscape of compensation and benefits planning. And that it will assist the minister and congregational leadership with open and constructive conversations that result in a win-win compensation and benefits plan.

Rob Fox, President/CEO  
CBF Church Benefits

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# A Well-Rounded Compensation and Benefits Plan

Compensation and benefits planning for CBF related churches is more than a few financial figures on a page or a budget spreadsheet. The process can help communicate values, understanding, and expectations between ministers and congregations. If done thoroughly, it can also serve to improve the ministers and church employee relationships with the congregation by setting and demystifying expectations. An awareness of Baptist philosophy and practice regarding compensation and benefit planning will be helpful. Also, utilizing a collaborative process for developing a well thought out compensation and benefits plan can help improve the relationship between the minister and congregation.

## EXPECTATIONS AND PLANNING


Many ministers have indicated that they do not understand their own compensation, the rationale behind it, or congregational expectations. It is also true that the congregation's expectations of the minister and a church's direction vary from place to place. They can even change from year-to-year in the same location.

To help provide meaning to the financial side of compensation planning and establish reasonable expectations, an annual review of job descriptions, ministry goals, performance expectations, and personnel policies will be helpful. If these documents do not exist in your church, developing them as soon as possible will greatly serve the church and the minister. The Resource section in the back of this guide can help identify sources to help in developing these documents.

## BAPTIST PHILOSOPHY AND HISTORICAL PRACTICE OF COMPENSATION PLANNING

In many ways, the congregational nature and history as Baptists has made compensation issues more varied and sometimes more complex because each congregation often charts its own way. There is not really a “common practice” from church to church. In addition, there has not always been a shared approach to compensation planning in that local lay leadership is voluntary and generally rotates every few years.

In the early years of Baptist life churches were more rural and ministers were to some extent compensated by fees they received for actual services they performed, e.g. weddings, funerals, preaching as a circuit rider, etc. If a church provided a parsonage as a base of operation, they



were more likely to have the minister in town on a regular basis. The nature of the actual work was more directly related to compensation and, to some extent, in the control of the minister.

Times have changed. Almost all ministers now work for a local church as an employee. Compensation is determined by an agreement between the minister and the church as an employer. In some faith groups, a minister is assigned to a local church and an over-arching denominational group supplements compensation or outlines the approved planning process. But as Baptists, compensation and benefit planning are local church decisions.

In business, healthcare, government, and academia there are often substantial Human Resources departments. Those individuals focus on staffing issues, recruiting and retaining employees, compensation and benefits planning, evaluating and managing performance, ensuring that HR-related laws are followed, and many other employee-related issues. A knowledgeable HR person will work with organizational leaders to help them strike a balance between compensation, benefits, reimbursable expenses, and setting expectations. Conversely, most churches do not have an HR administrator or business officer. Oftentimes these duties fall to a committee or church administrative assistant.

While committees can do meaningful work not all include people with experience and knowledge of human resources management. There is also the legal and tax requirements that can be confusing due to the unique issues of the minister's tax situation and history, as well as the housing allowance and reimbursable ministry related expenses. The temporary volunteer nature of these committees with short serving terms can add to the confusion.

For all of these various reasons, many churches have chosen "The Lump-Sum" or "Package" approach to compensation and benefits planning. They merely set aside an amount to be spent and leave it to the minister to decide how to divide up. While it is simple, it is neither equitable nor accurate for the congregation and the minister. It can often mislead the congregation as to the actual salary a minister is receiving.

This guide is about a better, more thoughtful approach to compensation and benefit planning – a proven and complete approach to help Cooperative Baptist Related Congregations and ministers with this important topic.



## COLLABORATIVE PROCESS FOR DEVELOPING A COMPENSATION AND BENEFITS PLAN

Developing a compensation and benefit plan is a collaborative process between the minister and the church committee responsible for personnel related issues. Establishing the minister's compensation and benefit plan, as well as how it is structured is dependent on multiple factors:

- Minister's level of education and experience
- Family needs of the minister
- What churches of similar size and attendance are doing for compensation and benefits
- Church's ministry expectations
- Life style and living standard of the congregation
- What the congregation can afford
- IRS Code related to the Minister's tax status

While all of these factors need to be taken into consideration, the decisions are best made at the local congregational level in a collegial conversation between the minister and the committee responsible for personnel matters. Prior to any conversations there is a bit of homework for the minister and the committee to complete.

***The minister*** — needs to be aware of their personal and family expenditures/budget over the last twelve month period and list of expectations based on:

- Last year's personal/family expenditures
- Future known needs with anticipated expenditures

CBF recommends ministers explore the many free online resources for personal budgeting.

***The committee*** — should use the church's budget projections and financial reporting to put together a twelve-month budget and list of church expectations based on:

- An examination of the church budget versus actual expenditures for the last few years
- Make a financial forecast of the church's anticipated income for the coming year

***Both the minister and the committee*** — will want to complete work on the following:

- Research comparative salary and benefits information based on church size and attendance (The Church Network – [www.thechurchnetwork.com](http://www.thechurchnetwork.com), 800-898-8085 and/or Christianity Today/Church Law & Tax - [www.churchlawandtax.com](http://www.churchlawandtax.com), 800-222-1840)
- Identify and list ministry goals, as well as your perception of the church's expectations
- Be familiar with the various segments of a complete compensation and benefits plan along with any tax consequences as outlined in the following pages of this guide

With this information a productive and collaborative conversation around compensation and benefits can take place. Putting the plan in writing is prudent and a wise ministry practice. It will enable clarity and consistency of practice for the future.

# Segments of a Compensation and Benefits Plan

The four segments of a compensation and benefit plan are Personal Income, Employee Benefits, Paid Leave, and Reimbursable Ministry-Related Expenses. Over the next several pages each segment will be explored and resources provided to help develop a compensation and benefits plan. Ministerial tax issues will also be identified, as they will need to be taken into consideration during the planning process. The information will help lead to a more complete, consistent, and equitable approach to planning. An adequate compensation and benefit plan has four basic segments composed of varying items:

***Personal Income*** is a combination of

- Salary,
- Minister's housing allowance,
- Social Security-Medicare Tax (SECA) Offset, and
- Equity allowance if the church utilizes a parsonage

***Employee Benefits*** are not cash compensation and are composed of

- Medical/health insurance,
- Life insurance,
- Short & long term disability insurance,
- Dental insurance coverage, and
- 403(b)(9) retirement plan contributions

***Paid Leave*** is important to establish and is composed of

- Sick leave,
- Time for death of family members
- Holidays and Personal time off,
- Vacations,
- Conferences, assemblies, and speaking engagements, and
- Sabbaticals

***Reimbursable Ministry-Related Expenses*** are the church expenses to help meet the ministry goals and expectations of the church

- Auto use for ministry/business purposes,
- Convention and assembly attendance,
- Ministry related hospitality,
- Periodicals, books, recordings, etc. to assist with ministry,
- Continuing ministerial education and conference attendance, and
- Benevolence ministry

Each of the categories will be more completely explored in the following pages.

## PERSONAL INCOME

Personal Income is a combination of the following

- Salary,
- Minister's housing allowance,
- Social Security-Medicare Tax (SECA) offset, and
- Equity allowance if the church utilizes a parsonage.

Personal income is normally a combination of salary, housing allowance, and SECA offset. But what should that total amount be?

### *Salary*

There are salary surveys available that help churches gauge what similar size congregations are paying their minister. The surveys are guides not absolutes. Other considerations are the minister's level of education and experience, as well as the family's needs. Consider the income of other professionals in the community with similar experience and responsibilities. The fact that inflation has averaged between 2-3% for decades should be a consideration. An additional input to the equation is the congregation's standard of living and lifestyle. Most congregations want their minister to have a lifestyle similar to theirs.

The following is information on the salary survey sources churches can use to find ministerial compensation information of similar size churches:

- The Church Network – [www.ministrypay.com](http://www.ministrypay.com)
- Evangelical Council for Financial Accountability (ECFA)/ChurchExcel – [www.ecfa.church](http://www.ecfa.church), 800-323-9473

Understanding the minister's tax status will help take full advantage of the IRS tax code before diving into the components of Personal Income. It is different than non-ministerial employees.

A minister is an ordained, licensed, or commissioned person as defined in the IRS Code as one who leads in religious worship, conducts the ordinances, manages the affairs of the church or of a church organization, and is considered to be a religious leader. This distinction will make a difference on what part of the minister's personal income is taxed by federal, state, and local authorities.

For instance, personal salary and the social security offset normally are considered taxable. Whereas all or a portion of the minister's housing allowance and/or an equity allowance are not necessarily taxed when they are provided.



### ***Housing Allowance***

The housing allowance enables the ordained minister to deduct the cost of housing from income that is subject to income tax. But the housing allowance is subject to SECA tax. Housing expenses to consider include, but are not limited to mortgage/rent payments, utilities, property taxes, insurances, furnishing and repairs/improvements, etc. (See IRS Publication 517 for information regarding Housing Allowance – [www.irs.gov/pub/irs-pdf/p517.pdf](http://www.irs.gov/pub/irs-pdf/p517.pdf))

For income tax purposes, the excludable amount of a housing allowance is limited to the lesser of:

1. The amount designated by the church, or
2. The amount actually spent on housing by the minister each year, or
3. The fair rental value of a furnished house, plus utilities

Remember that the church prior to the beginning of each calendar year must provide a notification to the minister of the housing allowance provided by the church. The information for that declaration comes from the housing allowance worksheet provided by the minister to the committee (See the Housing Allowance Cost Estimate on pg. 19 and Notification of Housing Allowance on pg. 20).

A minister cannot exclude more than the church designates. As a general rule the designated amount should probably be greater than item 2 above to insure that the minister is able to deduct the maximum amount possible from income tax.

The minister is responsible for documenting actual housing expenses for IRS reporting purposes. If the actual amount of housing expenses for the year is less than the amounts above then the minister for tax purposes should report the excess amount as income when filing the annual tax report.

### ***Social Security-Medicare – SECA Tax Offset***

Ordained and licensed ministers have a dual tax status. They are considered employees under Federal and State Income Tax laws. But considered self-employed for Social Security purposes as defined in the Self-Employed Contributions Act (SECA), and must pay the entire SECA tax. (See IRS Publication 517 for information regarding SECA – [www.irs.gov/pub/irs-pdf/p517.pdf](http://www.irs.gov/pub/irs-pdf/p517.pdf))

For the non-ministerial employee the church pays for half of the FICA tax and withholds the other half from the employee's compensation, regularly forwarding the full amount to the government. Many CBF churches provide a SECA offset to pay for half of the SECA tax. The church does not withhold SECA from the minister's salary similar to FICA for non-ministerial employees. Instead the minister pays the SECA tax quarterly and annually settles any differences on minister's personal tax return.

### ***Minister's federal and state income tax and SECA withholding***

The minister is exempt from having to pay monthly federal and state income tax and SECA payroll withholding. But must either pre-pay federal and state income, as well as SECA taxes on a quarterly bases or may elect voluntary withholding through the payroll process. Voluntary withholding for tax purposes is normally more convenient. And it actually helps the minister avoid scrambling each quarter to pay the appropriate income tax. (See the Minister's Tax Guide which can be downloaded from CBF Church Benefits website: [www.churchbenefits.org/resources](http://www.churchbenefits.org/resources))

### ***Church Parsonage***

In some cases a church parsonage is involved, including utilities, yard/property maintenance, and parsonage upkeep. For a minister living in a parsonage, the church does not report the rental value or any utility costs paid as income for federal and state tax purposes. However, the minister must count the parsonage rental value, utilities, yard maintenance, etc. as income when calculating the SECA tax.

Even with the use of a parsonage a minister may want to declare a portion of taxable income as a housing allowance for such things as furnishing or renters insurance. Understanding the IRS rules for "fair rental value" and "payment of other cost" related to parsonages is imperative. (See IRS Publication 517 for rules regarding use of a parsonage – [www.irs.gov/pub/irs-pdf/p517.pdf](http://www.irs.gov/pub/irs-pdf/p517.pdf)).

Unlike homeowners, ministers who live in parsonages usually do not have equity in a home. This puts them at a disadvantage when approaching retirement. To offset this disadvantage the church often provides an Equity Allowance to the minister. It is not compensation, rather it is an additional employer contribution into the minister's 403(b)(9) defined contribution retirement account. Only a local church can determine whether a parsonage is right for them.

Most CBF affiliated churches have moved away from providing a parsonage because of the upkeep and repairs required, as well as the changing needs of each minister that may serve the church.

## EMPLOYEE BENEFITS

Employee Benefits are not considered cash compensation and are normally composed of the following:

- Medical/health insurance,
- Life insurance,
- Short & long term disability insurance,
- Dental insurance coverage, and
- 403(b)(9) retirement plan contributions.

Good benefit plans help attract and retain ministers and church employees. They are another way a church of any size can demonstrate care for its minister and the staff team, as well as provide protection for the congregation. Each type of employee benefit provides a way for churches to prepare for situations within the church staff as part of the family.


Neglecting to provide insurance benefits for ministers and church employees can create a liability for the congregation should an unfortunate event occur. Think of insurance as coverage for both the individual and the church.

As for retirement plans, they help prepare the minister for the future so they can live in dignity and in the future continue to minister in new and different ways. An adequate retirement plan ensures that the minister will not have to work beyond the point where they or the congregation wants them too.

### ***Medical/Health Insurance***

Offering medical insurance is another way to demonstrate care for your church staff and protect the church in times of need and lengthy illness. It's advantageous for tax purposes for churches to arrange and encourage coverage for ministers, staff and families. It is not always advantageous to offer pre-tax reimbursements for staff any longer. The laws have become complicated related to pretax benefits for medical and health coverage in most cases.

Given the current health insurance climate most churches are working with local brokers in their state and local area to find coverage. Many churches, working with local brokers, are moving toward high deductible medical insurance plans coupled with health saving accounts (HSA). This type of an arrangement is a significant cultural shift for most churches, but may provide some control over cost increases and provide a benefit for ministers and staff that can be portable, as well as provide benefits into retirement. An HSA may take some education and coordination but is certainly a way that many organizations are providing medical/health insurance.



CBF Church Benefits has a relationship with a nationally licensed broker/consultant to help churches and ministers find coverage in their local area. Lynn Leggett is CBF Church Benefits contact with World Insurance Association, Inc. She can be reached at 800-578-2111 Ext. 3106

### ***Life Insurance***

Life insurance plans offer vital protection for the family of ministers and church employees, as well as protecting the church from needing to self-insure against a tragedy. Many churches provide between 4 to 7 times annual compensation through term life insurance policies. Most employer-provided insurance is offered as group term coverage and can be purchased through CBF Church Benefits or through a local broker.

Often times accidental death and disability riders are added to the policy to provide additional coverage for relatively low cost. These benefits protect the minister and staff, as well as the local church in times of crisis.

### ***Dental Insurance***

Modern medicine has identified dental health as one of the primary ways to check disease or at a minimum provide an early warning signal of potential health problems. Good dental care and hygiene help the immune system. Insurance can often be found through the same broker who assists the church in finding its medical/health insurance. It is relatively inexpensive considering the tremendous benefits for the minister, church employee, and their families.


### ***Short & long term disability insurance***

Most employees are three times more likely to experience some form of disability during their work tenure than they are to die while employed. Disability insurance provides replacement income while not being able to work. This protects the employee, their family and the congregation. These types of policies enable the church to continue its ministry by freeing resources that might otherwise be required to support the disabled minister or church employee until they can return to work. Employer provided disability insurance is not taxable to the minister or church employee, but the disability benefits are taxable if paid to the employee.

### ***403(b)(9) church retirement plan contributions***

When it comes to retirement planning a congregation is telling its minister and church employees that not only is their present ministry valued but their future in retirement is too. By helping your staff build a retirement account it gives them confidence about the future that they can retire with dignity and not have to work beyond the point that neither they nor the congregation want them too.

CBF Church Benefits' 403(b)(9) defined contribution plan is a nonprofit church plan designed to offer competitive investment options and returns over the long term for retirement planning.



Designed similar to 401(k) defined contribution retirement plans, the Church Benefits plan helps to maximize church retirement dollars and provide investments and investing tools for ministers and church employees. Amounts contributed by the church and employees are excluded from current taxable income. Also, investment growth is tax deferred until the funds are withdrawn for retirement purposes. In addition, retirement income from a 403(b)(9) defined contribution plan qualifies as housing allowance to the degree that the minister meets the necessary IRS requirements.

Good ministers are in demand, and there are many churches nationwide competing for the same small talent pool. A competitive retirement plan can help your church be in the forefront of desired destinations for ministers. The plan is available to all employees but there are special benefits for ministers in using a church plan. Churches can and should make contributions to the retirement plan, as well as encourage staff to make tax-deferred contributions.

## **PAID LEAVE**


A written paid leave policy is an important benefit to establish so that ministers, church employees, and church leadership are in agreement about the policy. Formalizing a written policy is one way for a church to ensure clarity and consistency. Normal church paid leave policy is composed of but not limited to the following categories:

- Sick leave
- Time away for death of family member
- Holidays and personal time off (PTO),
- Vacations,
- Time for conferences, assemblies, speaking engagements, and conventions, and
- Sabbaticals

Some church members see the minister as having a large amount of discretionary time, because much of what they do is not on display. Ministers experience significant stress being involved in the life crises of those to whom they minister. The nature of the ministry creates a 24/7 type of “on call” environment. People get sick, babies are born, deaths occur – church life happens outside of 8-5 weekdays, including weekend worship and teaching responsibilities.

Recent studies have revealed that ministers oftentimes have rates of depression, commit suicide, and/or experience alcohol/substances abuse at the same rates as other high-stress professions like doctors and lawyers. So what can a congregation do to help mitigate the stress?

One of the best benefits a church can establish is scheduling real time away for professional development, study and sermon preparation, wellness or healing, or “just to relax and reimagine life.” A paid leave policy sends the message “we as a congregation value you and want you around for a long time.”



On page 21 in the Resources section of this guide, sample paid leave policies from a CBF-affiliated church are provided as a means of assisting a church develop their own policies.

## **REIMBURSABLE MINISTRY-RELATED EXPENSES**

Reimbursable Ministry-Related Expenses are to help meet the ministry goals and expectations of the church. These should not be considered a form of personal income. Many churches expect that the minister or church staff will make hospital visits, represent the church at state and national assemblies and conferences, entertain church guests, stay current with biblical research and current theological thinking, provide appropriate benevolence resources to those in need, and provide other ministries that might carry an expense. It is important that the church budget for and reimburse these items separate from compensation.


Ministry related expenses are part of operating any active and energetic church. They are part of doing the work of ministry. These expenses should be covered by the church and not come out of the minister's or church employee's pocket. These include but are not limited to:

- Auto use for business purposes,
- State and national Assembly meetings and convention attendance,
- Ministry related hospitality,
- Periodicals, books, recordings, etc. to assist with ministry, and
- Benevolence.

What follows are questions to answer regarding ministry-related expenses and church reimbursement policies:

- Do we provide the appropriate resources to accomplish ministry expectations and goals?
- What does your minister/staff need to accomplish ministry?
- Are we providing adequate mileage reimbursement, travel expenses, ministry related hospitality expense, professional development, and other ministry expenses?
- Do we have clear policies regarding these expenses, how they are approved, incurred, paid and reimbursed?
- Do we have appropriate documentation of these expense including reason and purpose?
- What are our expectation about the supply and use of cell phone, computers and other electronic equipment, as well as the cost of service plans?
- Are we following appropriate procedures to meet IRS requirements, as well as provide protection for both the employee and the church?





The best way to handle a church's ministry related expenses is through a Reimbursable Expense Plan (REP). Under a REP, ministry related expenses are not reported as income and therefore not taxable. A lump-sum payment that accompanies compensation doesn't maximize the tax savings. Additionally, IRS Publication 463 provides the IRS guidance for an appropriate plan and can be obtained at [www.irs.gov/pub/irs-pdf/p463.pdf](http://www.irs.gov/pub/irs-pdf/p463.pdf).

On page 18 in the resources section of this guide, an example of one CBF-affiliated church's Reimbursable Ministry Expense Policy is provided, along with Reporting Forms.

CBF Church Benefits provides two publications that can be helpful to churches and ministers: *Church Reporting Made Easy* and *Minister's Taxes Made Easy*. Both are available as free downloads at [www.churchbenefits.org/resources](http://www.churchbenefits.org/resources).

# Sample Policies, Procedures, and Forms

## **MINISTER'S COMPENSATION AND BENEFITS WORKSHEET**

A worksheet for financial support of the minister ..... 17

## **REIMBURSABLE MINISTRY EXPENSE FORM**

A worksheet for submitting reimbursable expenses ..... 18

## **MINISTER'S HOUSING COST ESTIMATE WORKSHEET**

A worksheet for estimating ministerial housing allowance ..... 19

## **SAMPLE LETTER: NOTIFICATION OF HOUSING ALLOWANCE**

A sample letter to designate and approve a housing allowance ..... 20

## **SAMPLE LETTER: ANNUAL COMPENSATION LETTER TO STAFF**

A sample letter to confirm annual compensation and benefits ..... 21

# How to Support an Effective Ministry

## A WORKSHEET FOR FINANCIAL SUPPORT OF THE MINISTER FROM CBF CHURCH BENEFITS

	Current Year	Next Year
<b>I. Ministry Expenses (Not Compensation)</b>		
1. Travel, mileage, entertainment expenses		
2. Convention/Conference/Professional Education		
3. Books, publication, online services and other		
4. Cell phone usage allowance		
<b>Total Ministry Expenses</b>	<hr/> - <hr/>	<hr/> - <hr/>
<b>II. Direct Income</b>		
1. Salary (Base Support)		
2. Housing/ Allowance, etc.		
3. Utilities and maintenance		
4. Self Employment Tax Offset (Social Security)		
<b>Total Direct Expenses</b>	<hr/> - <hr/>	<hr/> - <hr/>
<b>III. Benefits (Not Compensation)</b>		
1. Retirement		
2. Life Insurance		
3. Medical insurance		
4. Long Term Disability		
5. Cafeteria Benefits		
<b>Total Benefits</b>	<hr/> - <hr/>	<hr/> - <hr/>
<b>Other considerations</b>		
Vacation & Holidays		
Sick Leave		
Sabbatical and Study Leave		
Bereavement Leave		

# Reimbursable Ministry Expense Form

Employee Name

ID

From

To

EXPENSE PERIOD

Manager Name

Department

Business

Purpose

DATE	DESCRIPTION	CATEGORY	COST

SUBTOTAL

NOTE: Mileage Reimbursement for Personal Car is \_\_\_\_¢ per mile.

less cash advance

TOTAL REIMBURSEMENT

Employee Signature

Date

Approval Signature

Date

PLEASE  
ATTACH  
RECEIPTS

# Minister's Housing Cost Estimate Worksheet

<b>Down payment</b> on a home	\$
<b>Mortgage payments</b> on a loan to purchase or improve your home (include both principal and interest)	\$
<b>Real estate taxes</b>	\$
<b>Property insurance</b>	\$
<b>Utilities</b> (electricity, gas, water, trash pickup, local telephone)	\$
<b>Furnishings and appliances</b> (purchase and repair)	\$
<b>Structural</b> (repairs and remodeling)	\$
<b>Outdoor and Yard</b> maintenance and improvements	\$
<b>Maintenance</b> (pest control, etc.)	\$
<b>Homeowners association dues</b>	\$
<b>Miscellaneous</b>	\$
<b>TOTAL EXPENSES</b>	\$

To: \_\_\_\_\_ From: \_\_\_\_\_

Housing allowance for \_\_\_\_\_ (year): \_\_\_\_\_

Signature

Date

# Sample Letter: Notification of Housing Allowance

Church  
Address

Dear (Minister's name)

This is to advise you that at the meeting of the \_\_\_\_\_ on \_\_\_\_/\_\_\_\_/\_\_\_\_(date) your requested housing allowance was reviewed and a housing allowance for the year \_\_\_\_\_ was officially designated and approved in the amount of \$\_\_\_\_\_. The (monthly, biweekly, weekly ) amount will be classified as housing allowance. It is the intention of the \_\_\_\_\_ to have this amount constitute your housing allowance for this year and future years until changed by official action.

This action was recorded in the minutes of the \_\_\_\_\_.

You should keep an accurate record of your eligible housing expenses to provide documentation in support of amounts excluded from income for tax purposes. You may not exclude a housing allowance as income for SECA tax purposes. It is your responsibility as a taxpayer to understand and follow the limits about how much you can exclude from income as a housing allowance.

Sincerely,

(Signature and date)

Indication of authority (committee, church, etc.)



# Sample Letter: Annual Compensation Letter to Staff

Church  
Address

Minister  
Address

RE: annual compensation

Dear \_\_\_\_\_,

It is with appreciation for your service to our church and anticipation of the service you will provide for the coming \_\_\_\_\_ year that we want to communicate clearly to you compensation and our appreciation for your continued service.

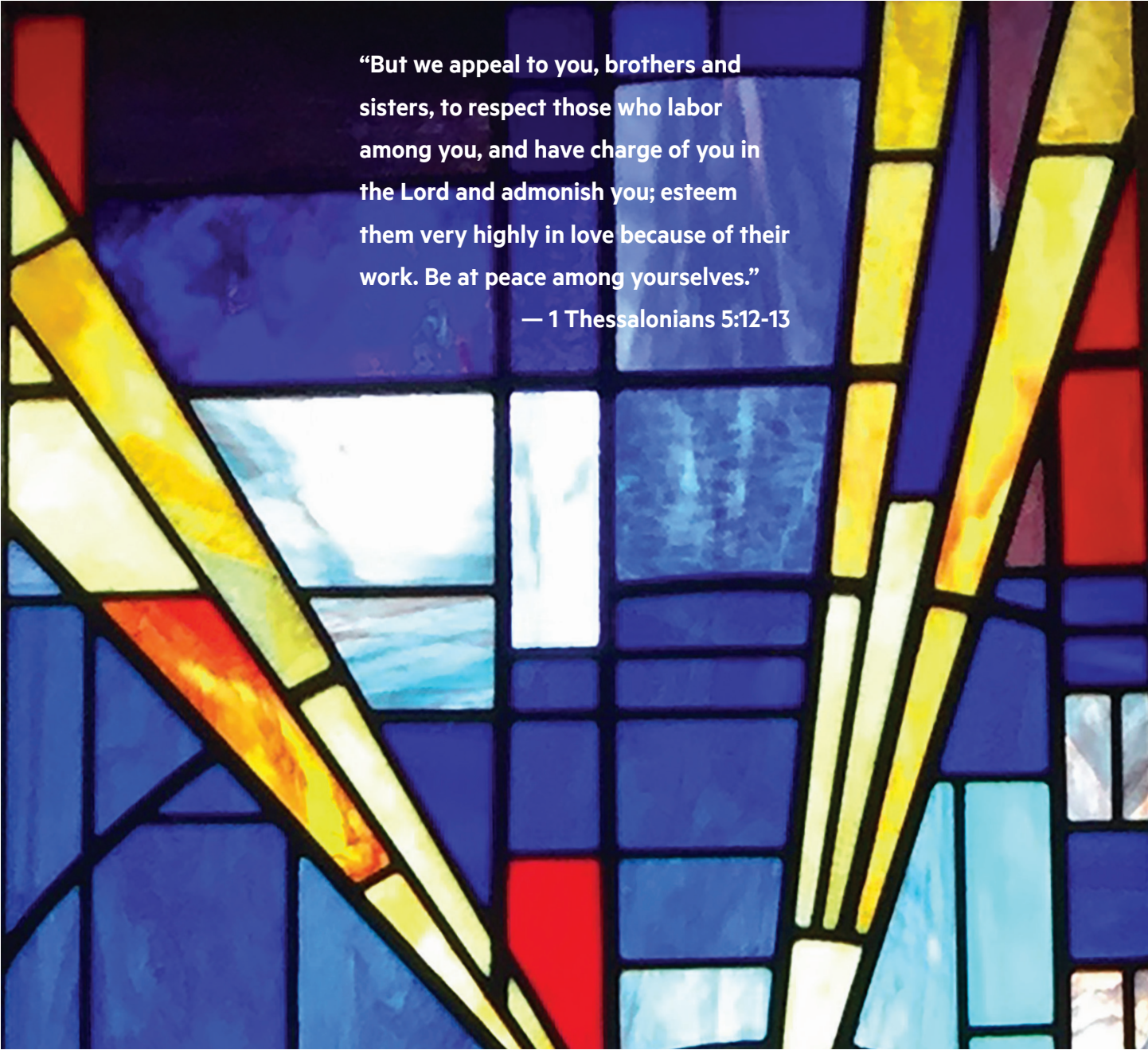
Salary	\$ _____
Housing/ Allowance, etc	\$ _____
Self-Employment Tax Allowance (if applicable) or Employer FICA tax	\$ _____
Employer Retirement Contribution (403B plan)	\$ _____
Employer paid Life Insurance premium (Death benefits: \$ _____ )	\$ _____
Employer paid Medical insurance	\$ _____
Employer provided disability (Estimated compensation: \$ _____ )	\$ _____
Cafeteria Benefits	\$ _____
Workman's compensation insurance	\$ _____
Awards	\$ _____
Other	\$ _____
TOTAL	\$ _____

Year of Service \_\_\_\_\_ Sabbatical and Study Leave earned \_\_\_\_\_  
Vacation & Holidays: \_\_\_\_\_ (days) Sick Leave: \_\_\_\_\_ (days) Bereavement Leave: \_\_\_\_\_ (days)

Thank you for your commitment to our church and ministry.

Sincerely,

Signature and Authority



“But we appeal to you, brothers and sisters, to respect those who labor among you, and have charge of you in the Lord and admonish you; esteem them very highly in love because of their work. Be at peace among yourselves.”

— 1 Thessalonians 5:12-13



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CBF Church Benefits offers Fortune 500-quality benefits to thousands of ministry professionals.

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